

Message Text

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ACTION SCSE-00

INFO OCT-01 EUR-12 ISO-00 EB-08 COME-00 H-02 L-03
/026 W

-----250926Z 098136 /12

R 241727Z MAR 77
FM AMEMBASSY REYKJAVIK
TO SECSTATE WASHDC 7116

UNCLAS SECTION 1 OF 2 REYKJAVIK 0405

FOR SCS (ACTION); FOR EB/OCA AND COM/DIBA (INFOG

CONGRESSIONAL INTEREST: GOODLOE BYRON

E.O 11652: N/A
TAGS: CPRC (KELLY SPRINGFIELD TIRE), BDIS, IC
SUBJECT: TRADE DISPUTE; REQUEST FOR ASSISTANCE IN RELEASING
TIRES IN BOND

REF: (A) STATE 60549; (B) REYKJAVIK 366

1. SUMMARY: ALTHOUGH THE KELLY-SPRINGFIELD (K-S) TIRE -
S. EYTHORSSON LTD. RELATIONSHIP GOES BACK TO 1974,
EMBASSY ONLY BROUGHT INTO CASE WITH RECEIPT OF K-S
LETTER OF FEBRUARY 10, 1977. SITUATION SEEMS TO BE
DETERIORATING INTO ACTUAL TRADE DISPUTE SINCE REMAINING
STOCK OF 129 TIRES APPARENTLY CANNOT BE TAKEN FROM
BONDED WAREHOUSE WITHOUT EYTHORSSON'S APPROVAL, AND
EYTHORSSON RECENTLY TOLD EMBASSY THAT HE IS NOT WILLING TO
RELEASE THEM UNTIL HE HAS SATISFACTORY STATEMENT OF HIS ACCOUNT
FROM K-S TIRE. HE CLAIMS TO HAVE ASKED LAST NOVEMBER FOR SUCH
STATEMENT OF ACCOUNT FROM COMPANY BUT THAT NO SUCH
STATEMENT HAS BEEN FORTHCOMING. THERE MAY BE SOME
URGENCY IN RESOLVING THE MATTER AS THE TIRES COULD
BE AUCTIONED OFF BY ICELANDIC CUSTOMS IF NOT
REMOVED BY SEP/NOV (THREE YEARS FROM DATE OF STORAGE.)
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CHRONOLOGY OF EVENTS AND CIRCUMSTANCES ARE GIVEN BELOW
TO EXTENT THEY CAN BE PLACED TOGETHER. PICTURE WHICH
EMERGES IS COMPLICATED WITH CONFLICTING STATEMENTS
BY PARTIES CONCERNED. COPIES OF RELEVANT CORRESPONDENCE
BEING AIRPOUCHED TO SCS FOR ITS INFORMATION.

2. BACKGROUND. ACCORDING TO THE ICELANDIC FISHERIES

BANK (UTVEGSBANKI), KELLY SENT THREE TIRE CONSIGNMENTS TO ICELAND, AS NOTED BELOW:

FIRST: TL 1352, THE NUMBER GIVEN THE CONSIGNMENT BY THE BONDED WAREHOUSE LTD. THE COLLECTION INSTRUCTION DOCUMENTS WERE RECEIVED FROM K-S TIRE VIA THE CHEMICAL BANK OF NEW YORK BY THE ICELANDIC FISHERIES BANK ON MAY 22, 1974. TOTAL VALUE OF THE CONSIGNMENT WAS \$20,929.74. S. EYTHORSSON PAID \$21,532.21, OR \$602.47 IN EXCESS. BANK OFFICIALS COULD NOT EXPLAIN THE EXCESSIVE PAYMENT BUT PUT IT DOWN AS ERROR.

SECOND: TL 2539. VALUE \$19,821.30; DOCUMENTS RECEIVED BY BANK ON SEPTEMBER 26, 1974. VALUE OF REMAINING UNSOLD TIRES IN THIS CONSIGNMENT IS \$3,802.15.

THIRD: TL 3034. VALUE \$4,931.50; DOCUMENTS RECEIVED NOVEMBER 27, 1974. VALUE OF UNSOLD TIRES IN THIS CONSIGNMENT IS \$990.20 (IT THEREFORE SEEMS VALUE OF 129 REMAINING UNSOLD TIRES IN BONDED WAREHOUSE LTD. IS \$4,792.35).

3. ON FEBRUARY 10, 1977 MR. J. R. LINABURG, MANAGER OF EXPORT OPERATIONS AT K-S TIRE, WROTE ASKING EMBASSY TO WOG WITH A MR. PETER EINARSSON, AN ICELANDIC BUSINESSMAN KNOWN TO BOTH LINABURG AND EYTHORSSON, TO RESOLVE MATTER WITH S. EYTHORSSON LTD. IF MR. EINARSSON WERE UNABLE TO HELP, LINABURG'S LETTER ASKED THAT EMBASSY INTERCEDE. LINABURG ALSO ENCLOSED COPY OF LETTER TO EINARSSON OF SAME DATE EXPLAINING DETERIORATION IN RELATIONS WITH EYTHORSSON SINCE 1975 AND FAILURE OF LATTER TO LIVE UP TO PROMISES. EINARSSON WAS ASKED TO UNCLASSIFIED

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OFFER EYTHORSSON OPTION OF REMOVAL OF THE THEN REMAINING 294 TIRES (INVOICED AT \$9,313.20) BY APRIL 1, 1977 OR RETURN OF TIRES TO UNITED STATES, WITH ALL EXPENSES TO BE BORNE BY EYTHORSSON. IF EYTHORSSON DID NOT CHOOSE EITHER OPTION BY MARCH 1, -S TIRE, ACCORDING TO LINABURG'S LETTER, WOULD WITHDRAW OFFER AND "SEEK OUR LEGAL REMEDIES." K-S TIRE ALSO REQUESTED INVENTORY DATING FROM LAST JULY FROM EYTHORSSON AND A TELEX FROM EINARSSON THAT HE WOULD REPRESENT THE K-S TIRE "IN CONJUNCTION WITH A REPRESENTATIVE FROM THESAMERICAN EMBASSY" WITH REIMBURSEMENT FOR OUT-OF-POCKET EXPENSES PROVED BY K-S TIRE.

4. AFTER RECEIPT OF LINABURG'S LETTER EMBASSY CONTACTED EINARSSON WHO SAID HE WAS WOGING ON MATTER AND WOULD INFORM EMBASSY WHEN HE HAD "THINGS WORKED OUT".

5. ON MARCH 15, THE EMBASSY ECON/COM OFFICER RICHARD KING RECEIVED A PHONE CALL FROM MR. LINABURG. LATTER

BRIEFLY EXPLAINED CASE AND ASKED MR. KING FOR EMBASSY ASSISTANCE SINCE HE HAD NOT HEARD FROM EINARSSON. HE HAD DECIDED TO SHIP TIRES TO BRITISH SUBSIDIARY AND ASKED THAT EMBASSY REPRESENT FIRM. KING EXPLAINED THAT EMBASSY UNABLE TO ACT IN THAT CAPACITY AND SUGGESTED LINABURG CONSIDER CONTACTING ICELANDIC LAWYER IF NECESSARY TO FACILITATE ARRANGMENTS. LINABURG SAID HE DID NOT NEED A LAWYER BUT A FREIGHT FORWARDER TO MOVE THE TIRES. MR. KING WAS SUBSEQUENTLY INFORMED THAT EINARSSON HAD SENT LETTER TO K-S TIRE ON FEBRUARY 16 AND FOLLOWED UP BY SENDING TELEX PROPOSAL MARCH 7 (COPY OF TELEX BEING FORWARDED TO SCS). EINARSSON STATED HE HAD NOT RECEIVED REPLY TO EITHER MESSAGE.

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ACTION SCSE-00

INFO OCT-01 EUR-12 ISO-00 EB-08 COME-00 H-02 L-03
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R 241727Z MAR 77
FM AMEMBASSY REYKJAVIK
TO SECSTATE WASHDC 7117

UNCLAS SECTION 2 OF 2 REYKJAVIK 0405

FOR SCS (ACTION); FOR EB/OCA AND COM/DIBA (INFO)

CONGRESSIONAL INTEREST: BOODLOE BYRON

6. EMBASSY SENT REF (B) ON MARCH 15 TO K-S TIRE WITH FOLLOW-UP LETTER OF MARCH 15 GIVING NAMES OF FREIGHT FORWARDER AND SHIPPING COMPANIES.

7. EMBASSY HAS SINCE BEEN IN TOUCH WITH VARIOUS INTERESTED PARTIES SUCH AS FISHERIES BANK AND ICELANDIC CUSTOMS. FISHERIES BANK IS ONLY COLLECTOR OF PAYMENTS AND HAS NOTHING TO DO WITH RELEASE OF TIRES TO K-S TIRE FOR RESHIPMENT TO U.K. CUSTOMS OFFICIALS ON OTHER HAND TOLD EMBASSY TIRES COULD NOT BE RELEASED TO K-S TIRE OR REPRESENTATIVE WITHOUT APPROVAL OF EYTHORSSON. EYTHORSSON TOLD EMBASSY ON MARCH 22 HE WILL NOT RELEASE TIRES UNTIL HIS ACCOUNT WITH K-S TIRE

IS STRAIGHTENED OUT. HE INSISTED ON RECEIVING STATEMENT FROM COMPANY LISTING CHARGES AND PAYMENTS AND REMARKED THAT HE HAD REQUESTED SUCH A STATEMENT FROM K-S TIRE LAST NOVEMBER BUT TO DATE HAD RECEIVED NO REPLY. EINARSSON (PRESENTLY OUT OF THE COUNTRY) TOLD EMBASSY PRIOR TO HIS DEPARTURE HE COULD DO NOTHING FURTHER UNTIL HE HEARD FROM K-S TIRE REGARDING HIS PROPOSAL.

8. REGARDING ADVICE TO K-S TIRE, IT WOULD SEEM THAT SOME UNCLASSIFIED

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ARRANGEMENT SHORT OF EXPENSIVE AND TIME CONSUMING LEGAL ACTION IS PREFERABLE. WE BELIEVE MR. EINARSSON'S PROPOSALS MAY PROVIDE COMPROMISE MEANS OF RESOLVING COUTSTANDING ISSUES BETWEEN K-S TIRE AND EYTHORSSON LTD. UNLESS K-S AND EYTHORSSON COME TO SOME AGREEMENT, THE TIRES CANNOT BE MOVED, AND IF THEY ARE NOT MOVED BY SEPT/NOV THEY COULD BE SOLD AT AUCTION BY CUSTOMS. WE SUGGEST THEREFORE THAT K-S PURSUE POSSIBLE SETTLEMENT WITH EYTHORSSON THROUGH EINARSSON. FAILING TO OBTAIN MUTUALLY ACCEPTABLE AGREEMENT WOULD LEAVE LEGAL ACTION AS ONLY LIKELY ALTERNATIVE.

9. FOLLOWING FIRMS WOULD BE ABLE TO HANDLE DOCUMENTATION AND TRANSSHIPMENT OF TIRES TO UK ONCE CUSTOMS CLEARANCE HAS BEEN RECEIVED:

MR. GUNNAR B. SIGURDSSON, DIRECTOR
SKIPAAFGREIDSLA JES ZIMSEN
SJAVARBRAUT 2
101 REYKJAVIK, ICELAND
PHONE: 14025; CABLE: SAM
NO TELEX

MR. P. ARNASON, DIRECTOR
PETUR ARNASON, FREIGHT FORWAGDERS
HATUUNI 4A
105 REYKJAVIK, ICELAND
PHONE: 13996. NO TELEX
BLAKE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Sent Date: 24-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977REYKJA00405
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770102-0935
Format: TEL
From: REYKJAVIK
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1977/newtext/t19770326/aaaaawgn.tel
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TAGS: BPRO, BDIS, IC, KELLY PRINGFIELD TIRE
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Type: TE
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